



## Kentucky Head Start Association

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Kentucky Head Start Association's (KHS A) comments regarding the Notice of Proposed Rulemaking "Head Start Designation Renewal System" – August 13, 2019 (84 FR 39996)

### 1. Removal of the CLASS 10% Trigger

As currently written and implemented, KHS A does not support the 'lowest 10%' provision due to its arbitrary tie to quality, costly consequences, and punitive nature. With this provision in force, high-quality grantees often face grant re-competition – not based on their own quality, but relative to the quality of other grantees in entirely unmatched circumstances. By removing the 'lowest 10%' provision and relying on absolute thresholds across CLASS domains, grantees will no longer wait for months for a competition determination or needlessly compete based on the quality of other programs. In effect, high-quality programs with no deficiencies will not be arbitrarily subjected to compete for a renewal of their grant and instead be able to focus on best serving their communities.

**KHS A supports the removal of the 'lowest 10%' provision of the CLASS condition as described in 45 CFR 1304.11(c)(2) and as proposed.**

### 2. Increase of the Absolute CLASS Thresholds

Raising the CLASS thresholds provides grantees with a clearer standard with which to interpret their scores. According to analyses by the National Head Start Association of past CLASS scores, grantees would be unlikely to experience change from the proposed Classroom Organization and Emotional Support thresholds as they are below all the previous 10% thresholds since 2012. The proposed threshold for Instructional Support domain would cause an estimated 19 more grantees nationally to compete annually, but still fewer than the number of grantees competing under the status quo, i.e. 'lowest 10%'. The proposed changes for these thresholds ensure that high-scoring grantees would not compete for their grant unnecessarily.

**KHS A supports the increase of the absolute thresholds across CLASS domains to invigorate continuous quality improvement as proposed.**

### 3. Increase of the Timeframe of a Finding of Going Concern

An audit finding of a going concern is deeply consequential for Head Start grantees. The fiscal stability of a Head Start grantee should be of a quality that Head Start children and families will not be left without access to an essential support system. That said, the proposed expanded timeframe is so substantial that it threatens to trigger the competition of grantees that have entirely recovered from fiscal issues experienced at the beginning of their grant cycle. A going concern indicates that the operations will cease within 12 months. Therefore, consideration of a going concern after a subsequent audit has not found a going concern is an entirely useless indicator of an organization's fiscal viability. A going concern should only be considered if it is found within the final 12 months of the grant cycle.

**KHS A only supports going concern findings that are made in an audit during the final 12 months of a grant cycle.**



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### 4. Use of Audit Findings for Competition

While increasing financial accountability is a worthy goal, the use of independent audits is not an effective way to do so. By effectively outsourcing fiscal monitoring to independent audit firms, there is a substantially increased risk for lack of uniformity of auditing. Audits conducted by independent groups may not follow the most up-to-date compliance standards. In doing so, the Office of Head Start would be delegating its statutory obligations to a third party, non-governmental group thereby imparting independent auditors with the ability to make decisions with direct impacts on grant competition. Re-competition should only be determined through a standardized federal process and should not rely on data collected by third party, non-federal auditors. Further, increased clarification on which audit findings trigger re-competition is needed. This is critical to ensuring a transparent, effective condition. Further, the administration should differentiate between major and minor audit findings when considering re-competition. Minor findings should lead to additional training and technical assistance, stimulating continuous improvement and avoiding costly, needless competition.

**KHSA does not support the use of independent auditors in making competition determinations, outside of the going concern finding in the 12 months of a grant. Instead, findings in two or more annual audits in the first three years of a grant cycle should trigger a review by the Office of Head Start. Only findings that the reviewer of the audit finds indicative of imminent or systemic failure should trigger an audit by a federally contracted, specifically trained auditor.**

### 5. The Deficiency Condition

The Head Start community has consistently made the case that current deficiency trigger conditions fail to differentiate between systemic issues and singular missteps. In the most recent cohort of grantees set to compete, the National Head Start Association estimates that almost half had only a single deficiency with no other triggers. While the prioritization of the safety of Head Start children is critical, forcing high-quality grantees to compete redirects focus and limited program resources away from effective service to an intensive grant writing process. The primary concern with the current model is that the deficiency determination process does not effectively differentiate systemic issues from a single mistake. It includes no gradation that allows for continuous improvement in the case of minor missteps. Until the way a deficiency is determined is improved and clarified, the deficiency condition will continue to cause concern from the Head Start community.

**KHSA supports increasing the deficiency condition to two to more before DRS is triggered. The system should encourage continuous quality improvement. As proposed, recompeting grantees with multiple deficiencies would be a better indicator of systemic issues, bringing the condition into closer alignment with congressional intent.**